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INSURANCE COMMISSIONER
INVESTIGATIONS & ENFORCEMENT**FILED**

OCT 14 2002

Hearings Unit, Olympia
Patricia D. Tollefsen
Chief Hearing Officer

Scott Jarvis
Deputy Insurance Commissioner
Office of the Insurance Commissioner
P.O. Box 40257
Olympia, WA 9800504-0257

RE: In the Matter of Jack Chandler

DEMAND FOR HEARING BY OFFICE OF ADMINISTRATIVE HEARINGS

Dear Mr. Jarvis:

In response to the Order Revoking License Mr. Chandler responds:

- 1) The address given the Office of the Insurance Commissioner was correct but the initial written inquiries failed to reach Mr. Chandler through no fault of his own. A few days later the written inquiries reached Mr. Chandler. He promptly responded to all of them and there has been no follow-up inquiry to his response by the Commissioner.
- 2) Mr. Chandler does not recall his answer to the question on his application but knows that there were no issues outstanding California. He obtained a clearance from California upon the license transfer indicating that he was in good standing. Mr. Chandler has been a licensed insurance agent for 27 years and has not received any reprimands or disciplinary notices from anyone. The only complaints he received in California were dismissed as having no merit. Mr. Chandler did not understand the question to require him to include frivolous submissions to the California insurance commissioner.
- 3) Mr. Chandler sold a non-insurance product (pay phones) to certain people. Like most of those involved, he was deceived by the fraud of the promoter. He did not intentionally violate Washington securities laws. The package provided him contained two opinion letters from lawyers that the product was not a security. When the DFI issued a Cease and Desist Order (his first notice of any claimed wrongful conduct), Mr. Chandler immediately cooperated fully and settled with the Department. This order is not under the jurisdiction of the Insurance Commissioner and not grounds to revoke an insurance agent's license.
- 4) The Commissioner cites RCW 48.17.070 as grounds for license revocation. However by its terms it applies to renewal and initial issuance of licenses. In addition there is nothing in the Commissioners revocation order that meets the statutory criteria proving that Mr. Chandler is "untrustworthy, or



incompetent, or who has not established to the satisfaction of the commissioner that he is qualified therefor in accordance with this chapter."

- 5) The Commissioner also cites RCW 48.17.090 (3) which only refers to other penalties provided by the code. This is improper notice of any other claimed violations.
- 6) Mr. Chandler asks for hearing under RCW 48.04.010 (5) by an administrative law judge. "(5) A licensee under this title may request that a hearing authorized under this section be presided over by an administrative law judge assigned under chapter 34.12 RCW. Any such request shall not be denied."



Sincerely,

John J Tollefsen
Attorney at Law